The pragmatic reasons for Middlebury to do the 'right thing'
12 Senior Economics Faculty

It is no secret that Middlebury underpays its faculty and staff relative to comparable institutions. But have you heard that the benefits are really good? For faculty and staff who joined the college before 2017, the college contributes 15% of their salary to their retirement fund each year once they hit the age of 45. This is an unheard-of rate, but it helps offset the much smaller salaries our faculty earn compared to peer institutions. Middlebury's salaries for associate and full professors — the groups most affected by this announcement — place us near the bottom quartile of Middlebury's peers, many of which, including Amherst, Bowdoin, Colgate, Pomona, Washington & Lee, Wesleyan, and Williams, pay 10–16% more than Middlebury.

The administration has always billed it as such: Sure, you earn less *now*, but you'll retire with more. Whenever the issue of low salaries has come up, we've been told that we must consider the entire compensation package instead. As the Vice President for Academic Affairs at the time told our colleague when he interviewed for a position almost three decades ago, the salary is terrible, but the benefits are amazing!

Indeed, this was an essential component of the cost-benefit analysis that many of us made when deciding between job offers. We'd have less in our checking accounts during our working years, requiring that we save less outside our 401(k), but the explicit promise was that the college's retirement contributions would partially offset this. In 2017, the cracks started to show. Middlebury College announced that it would offer an 11%, rather than 15%, match for new hires, but those of us who had already been promised this benefit had been grandfathered into the old system. This was, the administration wrote at the time, "simply the right thing to do."

Now the college has apparently decided that doing what is right is no longer a compelling motive, and pulled the rug out from under all of us who had been working for a lower salary under the promise of this future benefit. Those of us who are nearing retirement will now find ourselves with thousands less contributed to their 401(k)s at a time when the stock markets are also highly volatile. Those of us who were about to hit 45 and age into the 15% plan will lose out on those thousands *every* year for 20–25 years, easily translating into hundreds of thousands dollars less at retirement. As one colleague put it, this is the equivalent of the college burning down your house. Even though faculty and staff have upheld their end of the bargain, spending their careers investing in the institution at a lower salary, Middlebury has reneged on its promise — and in doing so has engendered such a deep sense of betrayal that it now threatens to pull apart the fabric of the institution to which we have devoted our careers.

It probably doesn't take an economist to tell you that a primary human motive is reciprocity — people are willing to make sacrifices for those who do right by us and punish those who betray us or violate social norms. This has especially significant implications for labor market interactions; since effort can't be contractually compelled in most workplaces, employers must rely on intrinsic motivation. And it is hard to imagine a profession that relies so thoroughly on intrinsic motivation as tenured faculty. Our institution functions (and maintains its reputation) only so long as its faculty and staff members are willing to put in tremendous effort and make place-specific investments that go well beyond what is required for their salaries.

If you want to motivate effort in this environment, what do you do? You foster loyalty and intrinsic motivation by helping employees feel valued and cultivating a shared sense of identity. You show that you have their backs, even — especially — when times are hard. You offer benefits beyond the minimum.

What do you not do? *This*. When employees are betrayed, their commitment to the community is subverted, with real consequences. This is exactly why firms resist lowering wages even during downturns — it is universally accepted that workers will view this as unfair, and it will have such a damaging effect on morale that it will not be in the firm's financial interest. (The canonical reference here is perhaps Truman Bewley's 2002 book, "Why Wages Don't Fall During A Recession.") In contrast, in our time here we have seen low salaries used to subsidize Middlebury's poor financial decision-making for years and they seem to be a primary target whenever times are tight. The betrayal goes beyond the people whose retirements have been slashed and quakes the trust of the entire institution.

The email we received announcing the cuts also said "The student experience will only be strengthened by these moves." How could this be? Critically, the student experience at Middlebury also depends on a shared sense of community. This manifests itself every time a faculty or staff member spends some of their weekend cheering on a student athlete, or returns in the evening to bolster the sagging spirits of a struggling thesis writer, or attends an advisee's dance or music performance. Our community here shows up in every one of a thousand after-hours and beyond-the-letter-of-any-contract examples of devotion to our community. The student experience is threatened when trustees and administrators treat this college like a business in which culture and trust and respect don't matter.

This is a watershed moment in the college's history, as it now faces a major crisis of morale of its own doing at the same time that we face external threats to higher education. If this decision is allowed to stand, and the college does not act swiftly to "make whole" the affected employees and repair the breach of trust, we will not only lose staff and faculty to other employers, but also the hearts of those who stay. Both of these outcomes will have a devastating impact on our students and the entire college community.

Are we already there? We hope not. We are not yet willing to give up on our students and colleagues, we still believe in Middlebury College and we are prepared to fight to convince the institution to recommit to its promises and the people who have given their all to this place. As an initial action, we pledge not to participate in college-wide events until the decision has been reversed or a plan to mitigate the damage has been implemented. We hope other colleagues will join us. This includes boycotting commencement, a decision that we don't make lightly. We will enthusiastically celebrate our students and their accomplishments at departmental events, but we cannot don our robes and represent the college under these circumstances.

We ask everyone — employees, students and alumni — who believe that Middlebury's strength is in its people to sign our petition (go/savethebenefits/). Any employees who wish to be involved in collective action or legal action can sign up for an email list (go/joinus/) to coordinate our efforts.

If you are one of the 622 faculty and staff who are affected by this change: join us.

If you are one of the 800 faculty and staff who are not directly impacted by this particular change but now fear that any promises the college has or will make to you will not be honored in the future: join us.

If you are a Middlebury student who values their professors and staff members — and also hopes to feel pride when they tell people in the decades to come that they went to Middlebury College: join us.

If you are a member of the Senior Leadership Group who knows better than most the intricacies of the financial straits we are in, but also knows that betraying the promises made to the people who drive this institution is morally and pragmatically wrong: join us.

If you are a member of the Board of Trustees and you want Middlebury to remain an elite “top 20” institution: join us.

Protecting faculty and staff benefits is not just, as the administration so aptly put it eight years ago, the “right thing to do”; it is the self-interested choice for anyone who wishes this institution to survive and thrive.

Signed,

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